

Message Text

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43

ACTION OPIC-06

INFO OCT-01 NEA-06 ISO-00 AID-05 EB-04 XMB-02 IGA-01 L-02

TRSE-00 /027 W

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R 130910Z NOV 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 4910

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PASS OPIC

E.O. 11652: N/A

TAGS: EINV, BGEN, BGXX

SSBJ: QUERIES FROM SQUIBB

1. DURING CALL BY EMBOFF ON T.J. CONROY, MANAGER OF SQUIBB/
BANGLADESH, CONROY RAISED FOLLOWING QUESTIONS RELATING
TO COOLEY LOAN REQUIREMENTS:

A. SQUIBB HAS OUTSTANDING LOAN FROM AMERICAN EXPRESS OF TAKA
2,415,000 AT 12 PERCENT INTEREST. SQUIBB HAS BEEN PAYING INTEREST
ON LOAN. NOW, BECAUSE OF RESTRICTIONS ON IMPORT LICENSES, SQUIBB
HAS ENOUGH CASH ON HAND TO REDUCE OR LIQUIDATE THIS LOAN. IF
SQUIBB LIQUIDATES OR REDUCES THIS LOAN, WOULD IT BE IN VIOLATION
OF COOLEY LOAN SUBORDINATION PROVISIONS?

B. SQUIBB/BANGLADESH IS CONSIDERING EXPANSION OF ITS PRODUCTION
FACILITIES AND PRODUCT LINE BEGINNING SOME TIME IN 1975. THIS
EXPANSION WOULD REQUIRE NEW INVESTMENT. SQUIBB/BANGLADESH OWES
APPROXIMATELY DOLS 280,000 IN ROYALTIES TO ITS PARENT COMPANY.
SQUIBB MAY WISH TO CAPITALIZE THESE ROYALTIES TO PROVIDE LOCA
FUNDS FOR EXPANSION OF PRODUCTION CAPACITY. WOULD CAPITALIZATION
OF THESE ROYALTIES BE IN VIOLATION OF COOLEY LOAN PROVISIONS?

2. IF PAYMENT OF AMERICAN EXPRESS LOAN (PARA 1 A) DOES NOT
VIOLATE COOLEY LOAN PROVISIONS, CONROY WANTS TO ACT PRIOR TO
CLOSE OF SQUIBB FISCAL YEAR ON NOVEMBER 30.

BOSTER

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Message Attributes

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